

ALTERNATIVE NEWSWEEKLY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

WITH
INDEPENDENT AUDITOR'S REPORT





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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alternative Newsweekly Foundation
Washington, DC

Opinion

We have audited the financial statements of Alternative Newsweekly Foundation (the Foundation), which comprise the statement of financial position as of September 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Boise, Idaho
January 12, 2024



FINANCIAL STATEMENTS

**ALTERNATIVE NEWSWEEKLY FOUNDATION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,345,197
Unconditional promises to give	700,000
Prepaid expenses	<u>861</u>
 Total assets	 <u>2,046,058</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	<u>104,278</u>
Total liabilities	<u>104,278</u>

NET ASSETS:

Without donor restrictions	49,501
With donor restrictions	<u>1,892,279</u>
 Total net assets	 <u>1,941,780</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,046,058</u></u>
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**ALTERNATIVE NEWSWEEKLY FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Sponsorship revenue	\$ 14,988	\$ -	\$ 14,988
Contribution revenue	165,000	2,563,615	2,728,615
Grant revenue	50,000	25,000	75,000
Donated services	48,177	-	48,177
Total revenues and support before net assets released from restrictions	278,165	2,588,615	2,866,780
Net assets released from restrictions	702,731	(702,731)	-
Total revenue and support	980,896	1,885,884	2,866,780
EXPENSES:			
Program services	888,110	-	888,110
Management and general	55,206	-	55,206
Total expenses	943,316	-	943,316
Operating income	37,580	1,885,884	1,923,464
INCREASE IN NET ASSETS	37,580	1,885,884	1,923,464
NET ASSETS - BEGINNING OF YEAR	11,921	6,395	18,316
NET ASSETS - END OF YEAR	\$ 49,501	\$ 1,892,279	\$ 1,941,780

See accompanying notes to the financial statements

**ALTERNATIVE NEWSWEEKLY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

	Program Services	Management and General	Total
Accounting	\$ -	\$ 15,076	\$ 15,076
Advertising & marketing	-	500	500
Bank charges & fees	958	536	1,494
Consulting	2,379	6,091	8,470
Content production	65,631	-	65,631
Donated services	18,000	27,000	45,000
Fundraising	-	681	681
Insurance	-	540	540
Miscellaneous	508	-	508
Office supplies & software	-	2,107	2,107
Project fulfillment	351,538	-	351,538
Project management	54,520	-	54,520
Project sponsorship fees	178,553	-	178,553
Project travel & meals	3,208	-	3,208
Technical services	212,815	-	212,815
Travel	-	2,675	2,675
Total expenses	<u>\$ 888,110</u>	<u>\$ 55,206</u>	<u>\$ 943,316</u>

**ALTERNATIVE NEWSWEEKLY FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 1,923,464
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increases (decreases) in:	
Unconditional promise to give	(700,000)
Prepaid expenses	(861)
Accounts payable	<u>99,384</u>
Net cash provided by operating activities	<u>1,321,987</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,321,987
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>23,210</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,345,197</u></u>



NOTES TO THE FINANCIAL STATEMENTS

**ALTERNATIVE NEWSWEEKLY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 1 – PURPOSE OF FOUNDATION

Alternative Newsweekly Foundation (“the Foundation”) located in Washington, DC, is a not-for-profit foundation formed July 25, 2002, under the laws of the District of Columbia. The Foundation has three primary objectives; (i) work with the Association of Alternative Newsmedia (AAN) to support the growth, education, and professional development of future journalists while connecting younger journalists and mentors, (ii) serve as a fiscal sponsor to independent entities that are in the business of building local news and information infrastructure and initiatives that ultimately serve their communities, and (iii) to engage and collaborate with the National Newspaper Publishers Association (NNPA) and the National Association of Hispanic Publications (NAHP) to advance the mission behind the Fund For Equity in Local News (FELN).

Funding is obtained through grants and contributions from organizations and individuals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and are presented in accordance with accounting for financial statements of not-for-profit organizations, which requires classification net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets be presented in a statement of financial position and that the amounts of change in each of those classes of net assets be presented in a statement of activities. The assets, liabilities, revenues, expenses, and net assets of the Foundation are reported in the following categories:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with original maturities of 90 days or less to be cash equivalents. Cash and cash equivalents include bank deposits.

Unconditional Promises to Give

Unconditional promises to give are recorded when the unconditional promise is made, or when a condition of a previous conditional promise to give is met. Unconditional promises to give that are expected to be collected within one year are recorded at face value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discounts is included in contribution revenue.

Unconditional promises to give totaled \$700,000 as of September 30, 2023. The amount is due from Google News Initiative (GNI) for a milestone achievement of the Fund for Equity in Local News (FELN) agreement.

Contributions

All contributions are considered to be available for use at the discretion of the Foundation unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by

**ALTERNATIVE NEWSWEEKLY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports a release from donor-restricted support and a corresponding increase in net assets without donor restrictions.

The Foundation also reports donor-restricted contributions that were initially conditional as increases in net assets with donor restrictions. Conditional contributions received in advance are reported as a liability "conditional contribution" until the conditions have been substantially met. If conditions are substantially met in the same time period in which the contribution is received, the Foundation reports a release from net assets with donor restrictions and a corresponding increase in net assets without donor restrictions.

Grants

The Foundation periodically receives grants from private companies and non-profit organizations. Grants generally have reporting requirements with which the Foundation must comply. To date, the Foundation has complied with all reporting requirements to the best of their knowledge. Grants have been reported as grant revenue on the Statement of Activities

Sponsorship Revenue

The Foundation charges an administrative fee for the fiduciary oversight, financial management and other administrative services to facilitate certain fiscal sponsorship projects. Fiscal sponsorship project administrative fees are generally a percentage of the total funds raised on behalf of the sponsored organization and have been reported as sponsorship revenue on the Statement of Activities.

Donated Services

Volunteers contribute time to the Foundation's program services and management and general activities. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation records donated services at the respective fair value of the services received. For the year ended September 30, 2023 the Foundation received donated services totaling \$48,177.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include bank charges and fees, consulting expenses, and salaries. Consulting and salary expenses are allocated on the basis of estimated time and effort, while bank charges and fees are allocated based on an estimated of correlated to the underlying usage.

Advertising

Costs associated with advertising are expensed in the period incurred. Advertising for the year ended September 30, 2023 was \$500.

Tax-Exempt Status

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying Statement of Activities.

**ALTERNATIVE NEWSWEEKLY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Foundation recognizes interest and penalties related to income tax matters in operating expenses. As of September 30, 2023, there were no such uncertain tax positions.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates

NOTE 3 – AVAILABILITY AND LIQUIDITY

As of September 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and program services, were as follows

Financial assets	
Cash and cash equivalents	\$ 1,345,197
Unconditional promises to give	700,000
Prepaid expenses	861
Total financial assets	2,046,058
Less unavailable assets for general expenditure within one year, due to:	
GNI	(1,670,383)
Donor designated projects	(221,896)
Financial assets available to meet general expenditures over the next twelve months	\$ 153,779

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted primarily for the use of funds to donor specified sponsored projects. These assets are subject to donor-imposed restrictions and are met through the Foundation satisfying the purpose of the restriction.

Net assets with donor restrictions are available for the following purposes at September 30, 2023:

GNI	\$ 1,670,383
Donor designated projects	221,896
Total net assets with donor restrictions	\$ 1,892,279

**ALTERNATIVE NEWSWEEKLY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from restriction during the year ended September 30, 2023, for the following purposes:

GNI	\$ 494,617
Donor designated projects	<u>208,114</u>
Total net assets released from restrictions	<u>\$ 702,731</u>

Note 5 – GOOGLE NEWS INITIATIVE – THE FUND FOR EQUITY IN LOCAL NEWS:

The Fund for Equity in Local News (FELN) partnered with the Google News Initiative (GNI) to launch the Transformation Tech program. The purpose of the Transformation Tech program is to equip publishers with coaching and curricula to aid their transition from print to digital revenue streams.

As the fiscal sponsor of FELN, the Foundation is responsible for coordinating and executing the Transformation Tech program to help members of the National Newspaper Publishers Association (NNPA), National Association of Hispanic Publishers (NAHP), and the Association of Alternative Newsmedia (AAN) develop an online presence. The Transformation Tech program will run through December 31, 2024, with up to 240 total participants (upon completion of the program publishers will receive \$20,000 to fund their digital transformation), total amount of funding provided by GNI is not to exceed \$6,180,000 over the term of the program.

For the year ended September 30, 2023, with respect to the Transformation Tech program, the Foundation recognized \$2,330,000 of contribution revenue from GNI to fund program participants and the incurred \$659,742 of participant program expenses. Contribution revenues from GNI for the FELN Transformation Tech program are included in Net Assets with Donor Restrictions on the statement of activities and are released from restrictions as program expenses are incurred

GNI paid the Foundation \$165,000 as a program administrative fee, which was recorded as contribution revenue without restrictions on the Statement of Activities for the year ended September 30, 2023.

NOTE 6 – CONCENTRATIONS

The Foundation has bank accounts at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) issues accounts at each banking institution up to \$250,000. As of September 30, 2023, funds held at certain financial institutions exceeded amounts insured by the FDIC by \$1,015,523.

The Foundations relies on contributions and grants from organizations and individuals to execute its mission. During the year ended September 30, 2023, the Foundation received approximately 77% of total revenues and support from GNI for the FELN.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Fund for Equity in Local News (FELN) is a collaboration between the National Association of Hispanic Publications (NAHP), the National Newspapers Publishers Association (NNPA), and the Association of Alternative News (AAN), all of which are related parties to the Foundation. To participate in the GNI Transformation Tech program (refer to note 5), participants are required to be members of one of the three associations. Under the agreement, NAHP, NNAP, and AAN will receive an association enablement fee as a stipend to support their outreach to participants. The total association enablement fee is \$600,000, which will be paid by GNI to the Foundation to distribute \$200,000 to each association, respectively. No amounts of the association enablement fee were paid to the associations for the year ended September 30, 2023.

Certain members of the Foundation's Board of Directors are involved with publications that are participating in the Transformation Tech program.

**ALTERNATIVE NEWSWEEKLY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023**

NOTE 7 – RELATED PARTY TRANSACTIONS (continued)

During the year ended September 30, 2023, the Foundation received donated services from the Foundation's Board of Directors in the amount of \$48,177, refer to note 2.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the balance sheet date but arose after the balance sheet date and before financial statements are available to be issued.

Subsequent events were evaluated through January 12, 2024, which is the date the financial statements were available for issuance, for recognition and disclosure in the financial statements.